

In the Matter of the Petition to)
Revoke Probation of:)

Leland L. Williams,
2710 Grand Avenue #65
San Diego, CA 92109

Certified Public Accountant
Certificate No. 24975

Respondent.

Case No. D1-93-34

OAH No. N 9512102

PROPOSED DECISION

This matter was heard before Cheryl R. Tompkin, Administrative Law Judge, State of California, Office of Administrative Hearings, in Oakland, California on February 5, 1996.

Complainant was represented by Jeanne Werner, Deputy Attorney General.

Respondent was represented by Christine E. Wentgerter,
Attorney at Law, 825 Van Ness Ave, Suite #415, San Francisco,
California 94109.

FINDINGS OF FACT

I.

Complainant Carol Sigmann brought the Petition to Revoke Probation in her official capacity as Executive Officer of the California State Board of Accountancy (Board).

II.

On July 29, 1977, the Board issued Certified Public Accountant certificate number 24975 to Leland L. Williams (respondent). That license expired on October 1, 1994, for nonpayment of renewal fees and failure to submit evidence of compliance with continuing education regulations.

III.

Effective March 20, 1994, in Case No. AC-93-34, the Board revoked respondent's license. However, the revocation was ordered stayed and respondent was placed on probation for five years on stated terms and conditions which included the following:¹

"9. . . . [Respondent] shall obey all California statutes and rules relating to the practice of public accountancy, including keeping his address of record current with the Board; . . ."

"14. Respondent shall reimburse the Board for its investigation and legal costs in the amount of \$10,000, said reimbursement to begin, in payments, thirty days after the [six month] suspension period ends. Payment shall be made in monthly payments extending over the remainder of the probation period. . . . [¶] Failure to complete reimbursement within the five year probationary period, or failure to make payments as scheduled, will constitute a basis for the revocation of this probation. . . ."

"16. Respondent shall, within ten days of the completion of the quarter, submit **quarterly written reports** to the Board on a form obtained from the Board. This requirement will continue during all periods of suspension and probation . . . unless respondent is expressly relieved of this requirement in writing by the Board."

"20. **If respondent violates probation** in any respect, the Board, after giving respondent notice and an opportunity to be heard, **may revoke probation** and carry out the disciplinary order that was stayed. . . ."

IV.

Respondent failed to comply with the terms and conditions of his probation in the following respects:

a. In early January 1994, respondent moved from Oakland, his address of record with the Board, to Massachusetts. He did not notify the Board in writing of his address in

¹ Discipline was imposed against respondent's license pursuant to a "Stipulated Settlement and Disciplinary Order" entered by the Board and respondent on February 18, 1994, and effective March 20, 1994. The purpose of the Settlement and Order was to resolve an accusation alleging unprofessional conduct, which had been filed by the Board against respondent in Case No. AC-93-34 on June 25, 1993.

Massachusetts. In March 1994, respondent returned to California, settling in San Diego. Respondent did not notify the Board in writing of his address in San Diego until on or about December 1, 1994. In mid-August 1995, respondent moved from San Diego to Palm Springs. Although respondent listed his Palms Springs address on the November 21, 1995 Notice of Defense filed in the subject proceeding, he never formally notified the Board in writing of his Palm Springs address. Respondent failed to keep his address of record current with the Board, in violation of condition 9 of his probation.

b. Respondent has not made a single payment towards reimbursement of the Board for its costs, even though respondent was given an extension of time to make his first installment payment. Respondent has violated condition 14 of his probation.

c. Respondent has not filed a single quarterly report with the Board, in violation of condition 16 of his probation.

V.

Respondent admits the above probation violations. He explains that the violations occurred because he has been "preoccupied with family matters" for the last two years. On September 3, 1993, while Case No. AC-93-34 was pending before the Board, respondent's now ex-wife disappeared with respondent's two sons. She subsequently divorced respondent after an apparently lengthy legal process which included a child custody dispute. Respondent states he lost all of his assets in the divorce settlement and that the discipline imposed in Case No. AC-93-34 left him without a livelihood. He was thus unable to make the agreed payments to the Board. According to respondent, his preoccupation with family matters also caused him to neglect the other terms of his probation.

VI.

Respondent supports himself and his oldest son, who has lived with him for the last several months, by working as a bookkeeper. Since August 1995, respondent has primarily worked for Steve Titlebaum, whose principal business is real estate. Respondent works for Titlebaum as the need arises, approximately 5 to 10 days per month. Respondent also seeks other employment through newspaper advertisements. Respondent works out of his home, which he rents, and earns \$1,500 to \$2,000 per month. Between March 1994 and August 1995, respondent supported himself by working as a bookkeeper through various temporary help agencies. Prior to March 1994, when discipline was imposed against respondent's license in Case No. AC-93-34, respondent had his own accounting office.

VII.

Respondent states he is trying to get his life back on track and wants to clear his obligation to the Board. He proposes that his outstanding obligation be amortized over the remaining term of his probationary period.

DETERMINATION OF ISSUES

I.

Cause exists to revoke probation and reimpose the order of revocation in that respondent has failed to comply with the terms and conditions of his probation. Specifically, as set forth in Finding IV, respondent has violated conditions 9, 14 and 16 of his probation.

II.

For almost two years, respondent has demonstrated a basic indifference and/or unwillingness to comply with the terms of his probation. He has failed to keep his address of record current with the Board and has not filed a single quarterly report. These failures clearly undermine the Board's ability to monitor respondent's activities and/or protect the public. Respondent has also failed to make the agreed upon installment payments to reimburse the Board for its costs. Although respondent expresses a current willingness to comply with the terms of his probation, his assertion is not convincing. As recently as August 1995, respondent failed to comply with the most basic term of his probation, keeping his address current with the Board. He moved from San Diego to Palm Springs, but never formally notified the Board of his change of address. Nor has respondent made even a single partial payment on his obligation to the Board, although he has been employed part-time as a bookkeeper since March 1994. It was only after the Board took action to revoke his probation that respondent expressed an interest in complying with the terms of his probation. Although respondent's explanation that he has been preoccupied with family matters might, at least partially, explain his initial non-compliance with the terms of his probation, it does not justify a nearly two year period of non-compliance. Based upon all the evidence presented, it is determined that it would be contrary to the public interest to continue respondent on probation at this time.

ORDER

Certified Public Accountant certificate number 24975 issued to Leland L. Williams is revoked. The stay order previously imposed in Case No. AC-93-34 is vacated and the order of revocation is reinstated.

DATED: 2/29/96


CHERYL R. TOMRKIN
Administrative Law Judge

BEFORE THE
BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

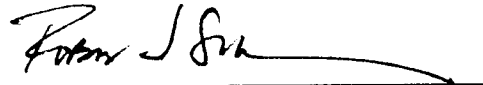
In the Matter of the Petition to)	
Revoke Probation of:)	
)	Case No. D1-93-34
Leland L. Williams)	
2710 Grand Avenue, #65)	OAH No. N 9512102
San Diego, CA 92109)	
)	
Certified Public Accountant)	
Certificate No. 24975)	
)	

DECISION

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the Board of Accountancy as its Decision in the above-entitled matter.

This Decision shall become effective on May 4, 1996.

IT IS SO ORDERED April 4, 1996.



1 DANIEL E. LUNGREN, Attorney General
of the State of California
2 JEANNE COLLETTE WERNER
Deputy Attorney General, State Bar No. 93170
3 Department of Justice
2101 Webster Street, 12th Floor
4 Oakland, California 94612-3049
Telephone: (510) 286-3787
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Attorneys for Complainant
6

7
8 **BEFORE THE**
BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA
10

11 In the Matter of the Accusation)
Against:)
12)
LELAND L. WILLIAMS) NO. D1-93-34
13 2710 Grand Avenue #65)
San Diego, CA 92109) PETITION TO REVOKE
14) PROBATION
Certified Public Accountant)
15 Certificate No. 24975)
16 Respondent.)
17

18 CAROL SIGMANN alleges:

19 1. Complainant, Carol Sigmann, is the Executive
20 Officer of the California State Board of Accountancy (hereinafter
21 the "Board") and brings this petition solely in her official
22 capacity.

23 **LICENSE HISTORY AND DISCIPLINARY HISTORY**

24 2. On or about July 29, 1977, the Board issued
25 Certified Public Accountant certificate number CPA 24975 to
26 Leland L. Williams (hereinafter "respondent"). Said license
27 expired on October 1, 1994.

1 3. Said license was disciplined by the Board in its
2 order dated February 18, 1994, in case no. AC-93-94, which
3 decision and order placed the license on probation effective
4 March 20, 1994. The respondent admitted the violations charged
5 in the accusation. True and correct copies of the Accusation,
6 Stipulation for Settlement, and Board Order and Decision are
7 attached hereto as Exhibit A and incorporated herein as though
8 fully set forth.

9 4. The stipulation imposes discipline on respondent's
10 certificate. It provides, among other things, that respondent's
11 certificate is revoked, with said revocation stayed, a six-month
12 suspension imposed, and a five-year period of probation, on terms
13 and conditions which include:

14 (14.)^{1/} Respondent shall reimburse the Board \$10,000, in 53
15 monthly installments, beginning thirty days after the
16 suspension period ends..."(that is, beginning 7 months after
the effective date)"... (and) failure to make payments as
scheduled, will constitute a basis for the revocation of
this probation."

17 (16.) Respondent shall, within ten days of the completion
18 of the quarter, submit quarterly written reports to the
19 Board on a form obtained from the Board. This requirement
20 will continue during all periods of suspension and probation
21 and will be required even if the probation is tolled for
out-of-state practice or residency, unless the respondent is
expressly relieved of this requirement in writing by the
Board.

22 (20.) "If the respondent violates probation in any respect,
23 the Board, after giving respondent notice and an opportunity
24 to be heard, may revoke probation and carry out the
disciplinary order which was stayed. If an accusation or
petition to revoke probation is filed against respondent
25 during probation, the Board shall have continuing
jurisdiction until the matter is final, and the period of

26
27 1. The paragraph numbers used refer to the numbering in
the stipulation (Exhibit A, Stipulation).

1 probation shall be extended until the matter is final."

2 **STATUTES AND REGULATIONS**

3 5. California Business and Professions Code ("Code")
4 Section 5100 provides that the Board may revoke, suspend or
5 refuse to renew any permit or certificate issued by the Board, or
6 may censure the holder of any such permit or certificate.

7 Pursuant to section 118(b) of the Code, the suspension,
8 expiration, or forfeiture by operation of law of a license issued
9 by the Board shall not, during any period within which it may be
10 renewed, restored, reissued or reinstated, deprive the Board of
11 its authority to institute or continue a disciplinary proceeding
12 against the licensee upon any ground provided by law or to enter
13 an order suspending or revoking the license or otherwise taking
14 disciplinary action against the licensee on any such ground.

15 Section 5070.6 of the Code provides that an expired
16 permit may be renewed at any time within five years after its
17 expiration upon compliance with certain requirements.

18 **GROUND FOR VACATING THE STAY OF REVOCATION**

19 6. Grounds exist for vacating the stay heretofore
20 issued and reimposing the order of revocation of respondent's
21 certificate in that respondent failed to comply with the terms of
22 his probation because he has made no payments to reimburse the
23 Board for its costs, as provided in paragraph 14 of the
24 stipulation. The first payment was due on October 20, 1994.
25 Additional facts are that respondent requested, on or about
26 December 1, 1994, an extension which would have permitted him to
27 make four payments, or a total of \$756, on January 20, 1995, with

1 subsequent payments due monthly. However, he has made no
2 payments to date.

3 7. Grounds exist for vacating the stay heretofore
4 issued and reimposing the order of revocation of respondent's
5 certificate in that respondent failed to comply with the terms of
6 his probation because he has not submitted any quarterly reports
7 as required by paragraph 16 of the stipulation.

8

9

PRAYER

10 WHEREFORE, the complainant requests that a hearing be
11 held on the matters herein alleged, and that following said
12 hearing, the Board issue a decision:

13 1. Vacating the stay and reimposing the order of
14 revocation of Certified Public Accountant Number CPA 24975,
15 heretofore issued to respondent Leland L. Williams;

16 2. Taking such other and further action as the Board
17 deems proper.

18

DATED: October 16, 1985 -

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Carol Sigmann
Carol Sigmann
Executive Officer
Board of Accountancy
Department of Consumer Affairs
State of California

Complainant

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2 JEANNE C. WERNER
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6 Attorneys for Complainant
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8 **BEFORE THE**
BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation
Against:

12 LELAND L. ("LES") WILLIAMS
13 3419 Grand Avenue
Oakland, CA 94610

14 Certified Public Accountant
15 Certificate No. CPA 24975

16 Respondent.
17

No. AC-93-34

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

18 IT IS HEREBY STIPULATED AND AGREED by and between the
19 parties to the above-entitled proceedings that the following matters are true:

20 1. An Accusation in case number AC 93-34 is currently pending
21 against Leland L. ("Les") Williams (hereinafter the "respondent"), said Accusation
22 having been filed with the Board on June 25, 1993.

23 2. Carol Sigmann is the Executive Officer of the Board of Accountancy
24 (hereinafter the "Board"). The accusation was filed and prosecuted solely in her official
25 capacity.

26 3. The Accusation, together with all other statutorily required
27 documents, was duly served on the respondent and respondent filed a Notice of

1 Defense contesting the Accusation. A copy of Accusation No. AC 93-34 is attached as
2 Attachment "A" and hereby incorporated by reference as if fully set forth.

3 4. At all times relevant herein, respondent has been licensed by the
4 Board of Accountancy under Certified Public Accountant No. CPA 24975, which
5 certificate is, and has been at all times herein relevant, in full force and effect and
6 expires subject to renewal October 31, 1994.

7 5. Respondent understands the nature of the charges alleged in the
8 Accusation as constituting causes for imposing discipline upon his Certified Public
9 Accountant certificate. Respondent has been fully advised regarding his legal rights and
10 the effects of this stipulation. Respondent is fully aware of his right to be represented
11 by legal counsel in this matter, his right to a hearing on the charges contained in said
12 Accusation, his right to confront and cross-examine witnesses against him, his right to
13 reconsideration, appeal and any and all other rights which may be accorded him under
14 the California Administrative Procedure Act and, with this in mind, freely, voluntarily
15 and irrevocably waives and give up such rights.

16 6. The respondent admits all of the charges and allegations in the
17 accusation, and each of them, as set forth more particularly in the accusation and
18 summarized as follows:

19 a. El Dorado County School Audits: Respondent was engaged to
20 perform the fourteen required audits for the El Dorado County Schools for the fiscal
21 year ended June 30, 1991. Respondent, doing business as Leland Williams and
22 Company (a namestyle not approved by the Board), audited the El Dorado County
23 Office of Education and thirteen school districts: Black Oak Mine Unified; Buckeye
24 School District; Camino School District; Central Sierra Regional Occupational
25 Program; El Dorado Union High School District; Gold Oak School District; Gold Trail
26 School District; Indian Diggings; Latrobe Elementary School; Pioneer School District;
27 Rescue Union Elementary School District; and Silverfork.

1 Respondent admits that his audits of El Dorado County Office of
2 Education, Rescue Union Elementary School District, and Latrobe Elementary were
3 materially deficient. Respondent failed to follow professional auditing standards, criteria
4 contained in the *Standards and Procedures for Audits of California K-12 Local*
5 *Educational Agencies* (the California State Controller's Office "K-12 Audit Guide), and
6 federal standards and requirements, constituting gross negligence and unprofessional
7 conduct in the practice of public accountancy, in violation of sections 5100(c) and 5100
8 of the California Business and Professions Code (hereinafter "Code").

9 Respondent's admitted audit deficiencies included: failure to adequately
10 plan the engagements; failure to adequately study and evaluate internal control systems;
11 failure to obtain and document sufficient competent evidential matter; lack of evidence
12 of compliance testing of federal or state programs in the working papers; failure to
13 exercise due professional care in the performance of the audits and in the preparation
14 of the audit reports; failure in the Latrobe case to visit the district office to review
15 records, to meet with the School Superintendent and Principal of Latrobe District, and
16 the District's Chief Financial Officer, and failure to audit several of the accounts.
17 Respondent also admits grossly negligent and unprofessional conduct in that he failed
18 to produce work papers for the Latrobe, Indian Diggings, and Silverfork audits.

19 b. North Monterey County Unified School District: Respondent admits
20 that he committed gross negligence and unprofessional conduct in his audit of the
21 North Monterey County Unified School District for the year ended June 30, 1991,
22 under sections 5100(c) and 5100 of the Code. His misconduct includes: his failure to
23 adequately plan the engagement; failure to adequately study and evaluate internal
24 control systems; failure to obtain and document sufficient competent evidential matter;
25 lack of evidence of compliance testing of federal or state programs in the working
26 papers; failure to exercise due professional care in the performance of the audits and
27 in the preparation of the audit reports; and lack of adequate documentation of his

auditing work.

c. Van Buren Homeowners Association: Respondent admits that he was grossly negligent, in violation of Code section 5100(c), in his preparation of a review report on the financial statements for the Van Buren Homeowners' Association for the year ended November 30, 1991, in that the review he performed contained material deficiencies, each of which constitutes departures from professional standards: the working papers did not adequately document work performed; and the statement of cash flows accompanying the review report did not conform to professional standards. Respondent also admits that the report fails to conform to professional standards in violation of section 5062 of the Code.

d. False and Misleading Advertising/Aiding and Abetting Unlicensed Practice: Respondent admits that he has been dishonest in his practice of public accountancy by virtue of his false and/or misleading advertising. He has wilfully violated several Board rules related to false and/or misleading advertising, including:

1). Fictitious name/plural designation/unauthorized names:

Respondent has advertised and practiced as Leland L. Williams & Company, Certified Public Accountants, and listed four office addresses and telephone numbers in Oakland, Laguna Hills, San Francisco and Sacramento, in advertising and letterhead, whereas, in truth and in fact respondent was a sole practitioner with an address of record in Oakland. The 1993 Oakland Pacific Bell Yellow pages advertisement for that office advertises the office of "Leland Williams and Company." The office in Laguna Hills is that of Bottom Line Financial Services, an income tax and bookkeeping service, where unlicensed CPA candidate Larry Lombard is employed, by someone other than respondent. Lombard associates with respondent by occasionally working on audits with respondent. The office in Sacramento is a residence owned by respondent with a disconnected telephone number. The office in San Francisco is that of William Yee and Associates. William Yee is not licensed by the Board. The September 1993 San Francisco Pacific Bell Yellow pages carries an advertisement for Yee, Williams, and Deringer, 1650 Mission Street, San Francisco, under "Accountants - Public".

Respondent admits his unauthorized use of "Leland L. Williams & Company", a fictitious name, partnership or other namestyle, and a plural designation, without the approval of the Board in violation of Rules 63, 66 and 67.

Respondent admits his use of unauthorized names or titles in telephone advertising as unprofessional conduct and violations of Rules 63, 66, and 67 as alleged in the accusation.

1 2). Respondent admits that his dealings with William Yee constitute the aiding
2 and abetting of the unlicensed practice of accountancy by William Yee by virtue
3 of respondent's business association with, and/or joint advertising with, said
William Yee, and/or by his association with an unauthorized partnership for the
purpose of practicing accountancy.

4 3). AICPA/CSCPA: Respondent admits having used a designation on his
5 letterhead and business card indicating that he was a member of the AICPA
6 (American Institute of Certified Public Accountants) and the CSCPA (California
7 Society of Certified Public Accountants) in violation of Rule 63 in that it is both
false and misleading, in that, at the time, he was not a member of either
organization. Respondent has never been a member of the AICPA and he was
not a member of the CSCPA until November 1992.

8 7. In consideration of the foregoing admissions and recitals, the
9 parties stipulate and agree that the Board shall, without further notice or formal
10 proceeding, issue and enter the following order:

11
12 DISCIPLINARY ORDER

13
14 IT IS HEREBY ORDERED that Certified Public Accountant No. CPA
15 24975 issued to Leland L. Williams is revoked. However, said revocation is stayed and
16 respondent is placed on probation for five years on the following terms and conditions:

17 8. Respondent's certificate shall be suspended for a period of
18 six months during which time the respondent shall engage in no activities for which
19 certification as a Certified Public Accountant or Public Accountant is required.

20 9. Respondent shall obey all federal, California, and other state and
21 local laws including those rules relating to the practice of public accountancy in
22 California and elsewhere. He shall obey all California statutes and rules relating to the
23 practice of public accountancy, including keeping his address of record current with the
24 Board; assuring that his advertisements, telephone listings, business cards and letterhead
25 are appropriate and not false or misleading; not engaging in unlawful business
26 arrangements, including inappropriate arrangements with unlicensed persons; and not
27 representing himself to be a member of professional organizations unless and until he

1 is a member in good standing.

2 10.⁹ Respondent shall be required to have all audit, compilation and
3 review engagements undertaken during probation reviewed by another CPA prior to
4 release of the reports. Review work must be documented and shall include both the
5 reports and the underlying working papers. The CPA review shall be at respondent's
6 expense, and respondent may select said reviewing CPA, but the Administrative
7 Committee of the Board shall have the authority to evaluate and approve the selection
8 of the reviewing CPA.

9 This requirement may be discontinued by the Administrative Committee if
10 and when the respondent demonstrated to the Committee's satisfaction that
11 respondent's audit work meets professional standards. The Committee may consult with
12 the reviewing CPA in making this assessment.

13 11. Respondent shall engage, and have completed, a quality review of
14 his practice by an outside CPA, at respondent's expense, in a time period established
15 by the Administrative Committee. The resulting reviewer's report and respondent's
16 response comments will be supplied to the Administrative Committee within 30 days of
17 issuance of the Quality Review Report.

18 12. In the event respondent should leave California to reside or
19 practice outside this state, respondent must notify the Board in writing of the dates of
20 departure and return. Periods of residency or practice outside the state shall not apply
21 to reduction of the probationary period: the probation will be lengthened by the period
22 of absence.

23 Thus, the certificate will be on probation from the effective date of the
24 Board's order adopting this Stipulated Settlement and Disciplinary Order, and the
25 respondent's obligations under the probation shall be in full force and effect upon
26 adoption and Order of the Board. The only exceptions to this are any conditions which
27 the Board would stay, upon request or upon its own motion, until respondent resumes

1 practice in the state. Those conditions which relate specifically to respondent's auditing
2 activities in California (e.g., paragraph 10 of this stipulated settlement) must be fulfilled
3 while respondent is engaged in active practice in California.

4 13. In the event the respondent fails to satisfactorily complete any
5 provision of the order of probation, which failure results in the cessation of practice, or
6 in the event that, for any other reason, respondent is not engaged in active practice in
7 California, the provisions of probation relating to respondent's audit practice shall be
8 held in abeyance until respondent is permitted to resume practice. All provisions of
9 probation shall recommence on the effective date of resumption of practice. Periods of
10 cessation of practice will not apply to the reduction of the probationary period.

11 14. Respondent shall reimburse the Board for its investigation and
12 legal costs in the amount of \$ 10,000.00, said reimbursement to begin, in payments,
13 thirty days after the suspension period ends. Payment shall be made in monthly
14 payments extending over the remainder of the probation period, that is, in fifty-three
15 monthly installments, the first fifty-two payments to be equal installments of \$ 189.00
16 per month, and the final payment to be the balance owing, \$ 172.00.

17 Respondent may pay more than the scheduled payment per month but
18 such additional payments shall not reduce his monthly obligation; rather, the effect
19 would be to reduce the total number of months payment is owing and/or to reduce the
20 amount of the final payment. Payment must be completed before probation is
21 terminated.

22 Failure to complete reimbursement within the five year probationary
23 period, or failure to make payments as scheduled, will constitute a basis for the
24 revocation of this probation. This requirement will not be tolled by any period of out-
25 of-state residency or practice.

26 15. Respondent shall complete forty (40) hours of additional
27 continuing professional education courses, as specified and directed by the

1 Administrative Committee. This shall be in addition to continuing professional
2 education requirements for relicensing.

3 16. Respondent shall, within ten days of the completion of the quarter,
4 submit quarterly written reports to the Board on a form obtained from the Board. This
5 requirement will continue during all periods of suspension and probation and will be
6 required even if the probation is tolled for out-of-state practice or residency, unless the
7 respondent is expressly relieved of this requirement in writing by the Board.

8 17. Respondent shall comply with all final orders resulting from
9 citations issued by the Board.

10 18. Respondent shall make report to and make personal appearances
11 at meetings of the Administrative Committee at the Board's notification, provided such
12 notification is accomplished in a timely manner.

13 19. Respondent shall cooperate fully with the Board of Accountancy,
14 and any of its agents or employees in their supervision of his compliance with the
15 terms and conditions of this probation including the Board's Probation Surveillance
16 Program.

17 20. If respondent violates probation in any respect, the Board, after
18 giving respondent notice and an opportunity to be heard, may revoke probation and
19 carry out the disciplinary order that was stayed. If an accusation or petition to revoke
20 probation is filed against respondent during probation, the Board shall have continuing
21 jurisdiction until the matter is final, and the period of probation shall be extended until
22 the matter is final.

23 21. Upon successful completion of probation, respondent's certificate will
24 be fully restored.

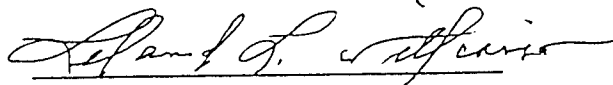
RECEIVED
STATE BOARD OF ACCOUNTANCY
CONTINGENCY SACRAMENTO

This stipulation shall be subject to the approval of the Board. If the Board fails to adopt this stipulation as its Order, the stipulation shall be of no force or effect for either party, nor shall it be mentioned or referred to in any legal action between the parties.

ACCEPTANCE

I have read the above Stipulation and Disciplinary Order, understand their terms, and agree to be bound thereby.

DATED: 12-15, 1993.

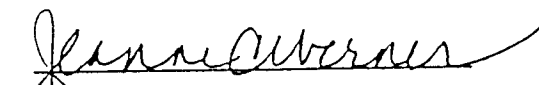


LELAND L. WILLIAMS
Respondent

The attached stipulation is hereby respectfully submitted for the consideration of the Board.

DATED: 15 December, 1993.

DANIEL E. LUNGREN, Attorney General
of the State of California



JEANNE C. WERNER
Deputy Attorney General
Attorneys for Complainant

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An effective date of March 20, 1994, has been assigned to this Decision and Order.

Made this 18th day of February, 1994.

James B. Blalock
FOR THE BOARD OF ACCOUNTANCY

Attachment: Accusation

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of the State of California
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6 Attorneys for Complainant
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8 BEFORE THE
BOARD OF ACCOUNTANCY
9 DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA
10

11 In the Matter of the Accusation
Against:

No. AC-93-34

ACCUSATION

12 LELAND L. ("LES") WILLIAMS
13 11118 Sun Valley Drive
Oakland, CA 94605

14 Certified Public Accountant
15 Certificate No. CPA 24975

16 Respondent.
17

18 CAROL SIGMANN charges and alleges:

19 1. She is the Executive Officer of the California State Board of
20 Accountancy (hereinafter the "Board") and makes and files this accusation solely in her
21 official capacity.

22 LICENSE INFORMATION

23 2. On or about July 29, 1977, Certified Public Accountant certificate No.
24 CPA 24975 was issued to respondent Leland L. Williams (hereinafter "respondent"), by
25 the Board, under the laws of the State of California, and, at all times relevant herein,
26 said license was, and currently is, in full force and effect, and expires subject to renewal
27 on October 1, 1994.

1 STATUTES, REGULATIONS, AND PROFESSIONAL STANDARDS

2 3. At all times material herein, section 5100 of the California Business
3 and Professions Code (hereinafter the "Code") provided in pertinent part that "(a)fter
4 notice and hearing, the Board may revoke, suspend or refuse to renew any permit or
5 certificate" issued by the Board for unprofessional conduct which includes, but is not
6 limited to, the grounds set forth in said section of the Accountancy Act.

7 4. Section 5100, subdivision (c) of the Code provides, in pertinent part,
8 that dishonesty, fraud or gross negligence in the practice of public accountancy
9 constitutes unprofessional conduct.

10 5. Section 5100, subdivision (f) of the Code provides, in pertinent part,
11 that willful violation of any provision of the Accountancy Act or any rule or regulation
12 promulgated by the Board under the authority granted under the Act constitutes
13 unprofessional conduct.^{1/}

14 6. Section 5062 of the Code provides that a licensee shall issue a report
15 which conforms to professional standards upon completion of a compilation, review or
16 audit of financial statements.

17 7. Section 5051 of the Code includes, *inter alia*, in the definition of the
18 practice of public accountancy any of the following: holding out to the public as skilled,
19 qualified and ready to render professional service as a public accountant for
20 compensation; maintaining an office for the transaction of business as a public
21 accountant; and offering to prospective clients to perform, for compensation, defined
22 professional services.

23 8. Section 5107 of the Code provides, in pertinent part, for recovery by
24 the Board of certain costs of investigation and prosecution of the case in specified
25

26 1. Board rules and regulations are codified in Title 16 of the California Code of Regulations,
27 Sections 1-99.1. The rules are referred to herein as "Board rule"; thus, for example, Title 16, California
Code of Regulations, Section 66 is referred to as "Board rule 66."

1 disciplinary actions, including alleged violations of section 5100(c). A certified copy of
2 the actual costs, or a good faith estimate of costs signed by the Executive Officer,
3 constitute prima facie evidence of the costs.

4 9. Board Rule 63 provides that a certified public accountant shall not
5 advertise in any manner which is false, fraudulent or misleading in violation of Section
6 17500 of the Business and Professions Code.

7 10. Board Rule 66 provides that a certified public accountant in practice
8 as an individual shall not use a firm name which includes plural terms such as "and
9 Company" or "and Associates," unless he maintains a full-time professional staff
10 consisting of a licensee or an employee or assistant as described in Section 5053 of the
11 Accountancy Act.

12 11. Board Rule 67 provides that no permit holder shall practice as a
13 principal under a name other than his or her own name until such name has been
14 registered with the Board and approved by the Board as not being false or misleading.

15 12. Compliance with "GAAP" (generally accepted accounting principles)
16 includes, but is not limited to, compliance with authoritative pronouncements of the
17 accounting profession. Authoritative pronouncements, and applicable regulations and
18 requirements pertinent to the auditing and review services referenced in this accusation
19 include, without limitation:

20 a. Standards and Procedures for Audits of California K-12 Local
21 Educational Agencies ("K-12 Audit Guide") issued by the California State Controller's
22 Office; U.S. GAO Government Audit Standards (1988 edition); the requirements of the
23 Single Audit Act of 1984 and OMB Circular A-128; and other applicable Federal and
24 State legal requirements.

25 b. Authoritative pronouncements of the AICPA (American Institute
26 of Certified Public Accountants) regarding auditing and review engagements, including
27 Statements on Auditing Standards ("SAS's"; promulgated by the AICPA and

1 denominated in the literature by "AU" numbers); Statements of Financial Accounting
2 Standards (FASB's; promulgated by the Financial Accounting Standards Board and
3 denominated in the literature by "SFAS" numbers); and Statements on Standards for
4 Accounting and Review Services ("SSARS"; promulgated by the AICPA and
5 denominated by "AR" numbers).

6 7 CHARGES AND ALLEGATIONS

8 EL DORADO COUNTY SCHOOL AUDITS

9 13. Respondent was engaged to perform the required audits for the El
10 Dorado County Schools for the fiscal year ended June 30, 1991. Respondent had not
11 previously worked on audits for El Dorado County schools. Respondent, doing business
12 as Leland Williams and Company, prepared all (fourteen) required audits. Respondent
13 audited the El Dorado County Office of Education and thirteen school districts: Black
14 Oak Mine Unified; Buckeye School District; Camino School District; Central Sierra
15 Regional Occupational Program; El Dorado Union High School District; Gold Oak
16 School District; Gold Trail School District; Indian Diggings; Latrobe Elementary
17 School; Pioneer School District; Rescue Union Elementary School District; and
18 Silverfork.

19 El Dorado County Office of Education (COE)

20 14. Respondent is subject to disciplinary action pursuant to section 5100
21 of the Code in that the El Dorado County Office of Education (COE) audit he
22 performed for the fiscal year ended June 30, 1991, contains material deficiencies.
23 Respondent did not follow professional auditing standards, criteria contained in the K-
24 12 Audit Guide, and federal standards and requirements, constituting gross negligence
25 in the practice of public accountancy, in violation of Section 5100(c) of the Code, as
26 more particularly alleged hereinafter:

27 ///

- 1 a. Respondent failed to adequately plan the engagement in order
2 to provide reasonable assurance of detecting errors and
3 irregularities that can materially affect the financial statements.
4 b. Respondent's study and evaluation of the internal control
5 systems was inadequate.
6 c. Respondent failed to obtain and document sufficient competent
7 evidential matter to afford a reasonable basis for an opinion
8 regarding the financial statements under audit.
9 d. Respondent's working papers contained virtually no evidence of
10 compliance testing of federal or state programs as required by
11 applicable federal and state law.
12 e. Respondent failed to exercise due professional care in the
13 performance of the audits and in the preparation of the audit
14 reports.

15 15. Incorporating by reference the matters set forth in paragraphs 13 and
16 14 above, respondent is subject to discipline for unprofessional conduct in violation of
17 Section 5100 of the Code.

18 Rescue Union Elementary School District

19 16. Respondent is subject to disciplinary action pursuant to section 5100
20 of the Code in that the Rescue Union Elementary School District audit he prepared
21 for the fiscal year ending June 30, 1991, contains material deficiencies. Respondent did
22 not follow professional auditing standards, criteria contained in the K-12 Audit Guide,
23 and federal standards and requirements, constituting gross negligence in the practice of
24 public accountancy, in violation of Section 5100(c) of the Code, as more particularly
25 alleged hereinafter:

- 26 a. Respondent failed to adequately plan the engagement in order
27 to provide reasonable assurance of detecting errors and

1 irregularities that could materially affect the financial statements.

2 b. Respondent's study and evaluation of the internal control
3 systems was inadequate.

4 c. Respondent failed to obtain and document sufficient competent
5 evidential matter to afford a reasonable basis for an opinion
6 regarding the financial statements under audit.

7 d. Respondent's working papers contained virtually no evidence of
8 compliance testing of federal or state programs as required by
9 applicable federal and state law.

10 e. Respondent failed to exercise due professional care in the
11 performance of the audits and in the preparation of the audit
12 reports.

13 17. Incorporating by reference the matters set forth in paragraphs 13 and
14 16 above, respondent is subject to discipline for unprofessional conduct in violation of
15 Section 5100 of the Code.

16 Latrobe Elementary

17 18. Respondent is subject to discipline in connection with his preparation
18 of the Latrobe audit for the fiscal year ended June 30, 1991, in that respondent failed
19 to gather or examine evidential matter. Respondent, in the course of conducting his
20 audit, failed to visit the district office to review records, did not meet with the School
21 Superintendent and Principal of Latrobe District, and did not meet with the District's
22 Chief Financial Officer. Respondent failed to audit several of the accounts.

23 19. Respondent is subject to discipline in the preparation of the Latrobe
24 Elementary School District audit for the year ended June 30, 1991, in that he is unable
25 to produce workpapers for said audit. When contacted by the successor auditor for
26 information regarding the El Dorado audits, including Latrobe, respondent was unable
27 to locate files for three of the audits, including the Latrobe workpapers, and indicated

1 that the file is "lost". He has been unable to locate it subsequently.

2 20. Respondent is subject to discipline in connection with the Latrobe
3 audit, in that said audit contains errors which were not corrected.

4 21. Incorporating herein the matters alleged in paragraphs 13, and 18-
5 20, respondent is guilty of gross negligence in violation of Section 5100(c) of the Code
6 in the preparation of the Latrobe Elementary School District audit for the year ended
7 June 30, 1991, for each of the reasons charged in paragraphs 18-20 and for all of them.

8 22. Incorporating herein the matters alleged in paragraphs 13 and 18-20,
9 respondent is guilty of unprofessional conduct in violation of Section 5100 of the Code
10 in the preparation of the Latrobe Elementary School District audit for the year ended
11 June 30, 1991, for each of the reasons charged in paragraphs 18-20 and for all of them.

12 Silverfork School District

13 23. Incorporating herein the matters alleged in paragraph 19, respondent
14 is subject to discipline in connection with his preparation of the Silverfork School
15 District audits for the year ended June 30, 1991, in that respondent is unable to
16 produce the work paper files for this audit.

17 24. Incorporating herein the matters alleged in paragraph 13, 19 and 23,
18 respondent is subject to discipline under Section 5100(c) of the Code for gross
19 negligence.

20 25. Incorporating herein the matters alleged in paragraph 13, 19 and 23,
21 respondent is subject to discipline under Section 5100 of the Code for unprofessional
22 conduct.

23 Indian Diggings School District

24 26. Incorporating herein the matters alleged in paragraph 19, respondent
25 is subject to discipline in connection with his preparation of the Indian Diggings School
26 District audits for the year ended June 30, 1991, because respondent is unable to
27 produce the workpaper files for this audit.

1 27. Incorporating herein the matters alleged in paragraphs 13, 19 and 26,
2 respondent is subject to discipline under Section 5100(c) of the Code for gross
3 negligence.

4 28. Incorporating herein the matters alleged in paragraphs 13, 19 and 26,
5 respondent is subject to discipline under Section 5100 of the Code for unprofessional
6 conduct.

7
8 NORTH MONTEREY COUNTY UNIFIED SCHOOL DISTRICT

9 29. Respondent audited the North Monterey County Unified School
10 District for the year ended June 30, 1991. Respondent is subject to discipline under
11 section 5100(c) of the Code in that said audit is grossly negligent, containing material
12 deficiencies which constitute an extreme departure from the applicable standard of
13 practice, as more particularly alleged hereinafter:

14 a. Respondent failed to adequately plan the engagement in order
15 to provide reasonable assurance of detecting errors and
16 irregularities that can materially affect the financial statements.

17 b. Respondent's study and evaluation of the internal control
18 systems was inadequate.

19 c. Respondent failed to obtain and document sufficient competent
20 evidential matter to afford a reasonable basis for an opinion
21 regarding the financial statements under audit.

22 d. Respondent's workpapers contained virtually no evidence of
23 compliance testing of federal or state programs as required by
24 applicable federal and state law.

25 e. Respondent failed to exercise due professional care in the
26 performance of the audits and in the preparation of the audit
27 reports.

1 f. Workpapers evidence a lack of the usual documentation required
2 to demonstrate respondent's performance of required auditing
3 procedures.

4
5 **VAN BUREN HOMEOWNERS' ASSOCIATION**

6 30. Respondent prepared a review report on the financial statements for
7 the Van Buren Homeowners' Association for the year ended November 30, 1991.

8 31. Incorporating the facts alleged in paragraph 30, respondent is subject
9 to disciplinary action for gross negligence under section 5100(c) in that the review he
10 performed contained material deficiencies, each of which constitutes departures from
11 GAAP, as follows:

12 a. the working papers did not adequately document work
13 performed;

14 b. the statement of cash flows accompanying the review report did
15 not conform to professional standards.

16 32. Incorporating the facts alleged in paragraph 30 and 31.b., further
17 cause for discipline of respondent's license exists under Section 5100(f) of the Code in
18 that the report does not comply with Section 5062 of the Code.

19
20 **FOR FURTHER CAUSES FOR DISCIPLINE FOR FALSE AND**
21 **MISLEADING ADVERTISING AND FOR AIDING AND ABETTING**
THE UNLICENSED PRACTICE OF PUBLIC ACCOUNTANCY

22 33. Respondent is subject to discipline under Section 5100(c) of the
23 Code, in that he has been dishonest in his practice of public accountancy by virtue of
24 his false and/or misleading advertising as more particularly set forth below.

25 34. Respondent is subject to discipline under Section 5100(f) of the Code
26 in that he has wilfully violated several Board rules related to false and/or misleading
27 advertising as more particularly set forth below.

1 35. In violation of Rule 63, respondent has advertised in a false and/or
2 misleading manner by advertising and practicing as Leland L. Williams & Company,
3 Certified Public Accountants, and listing four office addresses and telephone numbers
4 in Oakland, Laguna Hills, San Francisco and Sacramento, whereas, in truth and in fact:

5 a. Respondent is a sole practitioner whose address of record with
6 the Board is an office in Oakland. The 1993 Oakland Pacific Bell
7 Yellow pages advertisement for that office advertises the office of
8 "Leland Williams and Company."

9 b. The office in Laguna Hills is that of Bottom Line Financial
10 Services, an income tax and bookkeeping service, where
11 unlicensed CPA candidate Larry Lombard is employed, by
12 someone other than respondent. Lombard associates with
13 respondent by occasionally working on audits with respondent.

14 c. The office in Sacramento is a residence owned by respondent
15 with a disconnected telephone number.

16 d. The office in San Francisco is that of William Yee and
17 Associates. William Yee is not licensed by the Board. The
18 September 1993 San Francisco Pacific Bell Yellow pages carries an
19 advertisement for Yee, Williams, and Deringer, 1650 Mission
20 Street, San Francisco, under "Accountants - Public".

21 36. Respondent's use of "Leland L. Williams & Company" constitutes the
22 unauthorized use of a fictitious name, partnership or other namestyle without the
23 approval of the Board in violation of Rule 67, and violates Rule 63.

24 37. Respondent's use of the plural designation "Leland Williams &
25 Company" constitutes the unauthorized use of a plural designation in violation of Rule
26 66, and violates Rule 63.

27 ///

1 38. Respondent's use of the plural designation "Certified Public
2 Accountants" constitutes the unauthorized use of a plural designation in violation of
3 Rule 66, and violates Rule 63.

4 39. Commencing at a date known to respondent, but unknown to
5 complainant, respondent has used a designation on his letterhead and business card
6 indicating that he is a member of the AICPA (American Institute of Certified Public
7 Accountants) and the CSCPA (California Society of Certified Public Accountants). Said
8 conduct constitutes a violation of Rule 63 in that it is both false and misleading, in
9 that, in truth and in fact, respondent has never been a member of the AICPA and he
10 was not a member of the CSCPA until November 1992.

11 40. Commencing at a date known to respondent, but unknown to
12 complainant, respondent has used a designation on his letterhead and business card
13 indicating that he is a member of the AICPA (American Institute of Certified Public
14 Accountants) and the CSCPA (California Society of Certified Public Accountants). Said
15 conduct constitutes a Section 5100 of the Code in that it is both false and misleading,
16 in that, in truth and in fact, respondent has never been a member of the AICPA and
17 he was not a member of the CSCPA until November 1992.

18 41. Incorporating herein the allegations contained in paragraph 35 above,
19 cause for discipline of respondent's license is established under section 5100 in
20 conjunction with Section 125 of the Code for unprofessional conduct in that respondent
21 has aided and abetted the unlicensed practice of accountancy by William Yee by virtue
22 of his business association with, and/or joint advertising with, said William Yee, and/or
23 by his association with an unauthorized partnership for the purpose of practicing
24 accountancy.

25 42. Incorporating by reference the matters set forth in paragraph 35
26 above, respondent's use of unauthorized names or titles in telephone advertising
27 constitutes cause for discipline for unprofessional conduct in violation of Section 5100

1 of the Code as well as discipline under Section 5100(f) of the Code for violations of
2 Rules 63, 66, and/or 67.

3 OTHER MATTERS

4 43. Pursuant to Business and Professions Code section 5107, it is
5 requested that the administrative law judge, as part of the proposed decision in this
6 proceeding, direct respondent to pay to the Board all reasonable costs of investigation
7 and prosecution in this case, including, but not limited to, attorneys' fees.

8
9 PRAYER


10
11 WHEREFORE, the complainant requests that a hearing be held on the
12 matters herein alleged, and that following said hearing, a decision be issued:

13 1. Revoking or suspending Certified Public Accountant Certificate
14 Number CPA 24975 heretofore issued to respondent;

15 2. Awarding the Board costs as provided by Business and Professions
16 Code Section 5107; and

17 3. Taking such other and further action as the Board deems proper.
18
19
20

21 Dated: June 25, 1993.

22 
23 CAROL SIGMANN
24 Executive Officer
25 Board of Accountancy
26 Department of Consumer Affairs
27 State of California

Complainant

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